

**TOWNSHIP OF DEERFIELD**  
**Lenawee County, Michigan**

**FINANCIAL STATEMENTS and**  
**INDEPENDENT AUDITOR'S REPORT**

**Year Ending June 30, 2007**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Deerfield Township	County Lenawee
Fiscal Year End 6-30-07	Opinion Date November 29, 2007	Date Audit Report Submitted to State 12/10/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

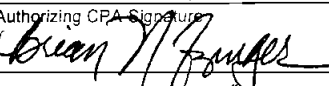
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Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Brian Nofzinger		Telephone Number 517-263-5788	
Street Address 153 E Maumee Street		City Adrian	State MI
		Zip 49221	
Authorizing CPA Signature 		Printed Name Brian Nofzinger	License Number 1101022634

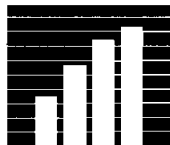
DEERFIELD TOWNSHIP  
Lenawee County, Michigan

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**  
Year Ended June 30, 2007

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**GROSS  
PUCKEY  
GRUEL &  
ROOF, P.C.**



**CERTIFIED PUBLIC ACCOUNTANTS**

## INDEPENDENT AUDITORS' REPORT

**ADRIAN, MICHIGAN  
JACKSON, MICHIGAN**

To the Township Board  
Township of Deerfield  
Lenawee County, Michigan

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Deerfield, Michigan, as of and for the year ended June 30, 2007, as shown on pages two through four, which collectively comprise a portion of the Townships basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Deerfield, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Townships governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Deerfield, Michigan, as of June 30, 2007, or the changes in its financial position or its cash flows, where applicable, for the year then ended.

*Gross, Puckey, Gruel & Roof, P.C.*

Adrian, Michigan  
November 29, 2007

DEERFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
June 30, 2007

	<u>General</u>	<u>Roads</u>	<u>Fire Op/Equip</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 248,534	\$ 178,424	\$ 49,598
Taxes receivable	304	734	(30)
Due from other governments	-	-	-
Due from fiduciary funds	<u>220</u>	<u>738</u>	<u>246</u>
Total Assets	<u>\$ 249,058</u>	<u>\$ 179,896</u>	<u>\$ 49,814</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accrued Expenses	\$ 2,770	\$ -	\$ -
Due to others	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,770</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Reserved			
Reserved for library	3,568	-	-
Reserved for cemetery	6,148	-	-
Unreserved			
Designated for subsequent year expenses	<u>236,572</u>	<u>179,896</u>	<u>49,814</u>
Total fund balance	<u>246,288</u>	<u>179,896</u>	<u>49,814</u>
Total Liabilities and Fund Equity	<u>\$ 249,058</u>	<u>\$ 179,896</u>	<u>\$ 49,814</u>

Non-major Funds	Total (Memorandum Only)
\$ 36,102	\$ 512,658
183	1,191
	-
<u>185</u>	<u>1,389</u>
<u>\$ 36,470</u>	<u>\$ 515,238</u>
\$ -	\$ 2,770
-	-
<u>-</u>	<u>2,770</u>
-	3,568
-	6,148
<u>36,470</u>	<u>502,752</u>
<u>36,470</u>	<u>512,468</u>
<u>\$ 36,470</u>	<u>\$ 515,238</u>

The accompanying notes are an integral part of these financial statements.

DEERFIELD TOWNSHIP  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - GOVERNMENTAL FUND**  
Year Ended June 30, 2007

	<u>General</u>	<u>Roads</u>	<u>Fire Op/Equip</u>
REVENUES			
Taxes and penalties	\$ 106,343	\$ 144,379	\$ 48,714
Charges for services	14,986	-	-
Interest and rentals	3,812	4,282	335
Other revenue	<u>13,670</u>	<u>-</u>	<u>-</u>
Total revenues	138,811	148,661	49,049
EXPENDITURES			
Current			
Legislative	4,225	-	-
General government	58,391	-	-
Public safety	82,943	-	-
Public works	141,402	-	-
Capital outlay	<u>13,511</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>300,472</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(161,661)</u>	<u>148,661</u>	<u>49,049</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	176,563		-
Operating transfers out	<u>-</u>	<u>(142,419)</u>	<u>(3,470)</u>
Total other financing sources	<u>176,563</u>	<u>(142,419)</u>	<u>(3,470)</u>
Net change in fund balances	14,902	6,242	45,579
FUND BALANCE			
Fund Balance - July 1, 2006	<u>231,386</u>	<u>173,654</u>	<u>4,235</u>
Fund Balance - June 30, 2007	<u>\$ 246,288</u>	<u>\$ 179,896</u>	<u>\$ 49,814</u>

<u>Non-major Funds</u>	<u>Total (Memorandum Only)</u>
\$ 36,098	\$ 335,534
-	14,986
579	9,008
<u>-</u>	<u>13,670</u>
36,677	373,198
-	4,225
-	58,391
-	82,943
-	141,402
<u>-</u>	<u>13,511</u>
<u>-</u>	<u>300,472</u>
<u>36,677</u>	<u>72,726</u>
-	176,563
<u>(30,674)</u>	<u>(176,563)</u>
<u>(30,674)</u>	<u>-</u>
6,003	72,726
<u>30,467</u>	<u>439,742</u>
<u>\$ 36,470</u>	<u>\$ 512,468</u>

The accompanying notes are an integral part of these financial statements.



DEERFIELD TOWNSHIP

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND

June 30, 2007

	Trust and Agency
ASSETS	
Cash and cash equivalents	\$ 3,938
Total Assets	\$ 3,938
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Due to other funds	\$ 3,938
Total Liabilities and Fund Balance	\$ 3,938

The accompanying notes are an integral part of these financial statements.

DEERFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Deerfield Township, Lenawee County, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a Township's general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds) which are used to account for resources legally restricted to expenditure for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived fixed assets. The General Fund is used to account for all activities of the Township not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Township. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the Township is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the Township holds on behalf of others as their agent.

BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Township had no proprietary funds at June 30, 2007.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as

DEERFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Significant revenues susceptible to accrual are state shared revenues, reimbursement type grants, and reimbursement for use of materials or services.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Township applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Township reports deferred revenue on its combined balance sheet when a potential revenue does not meet the "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures, or when receivables are collectable over an extended period of time and because of the terms and other conditions there is no reasonable basis for estimating the degree of collectibility. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources or as the collectibility is determined, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

BUDGETS

In the body of the financial statements, the Township's actual expenditures and budget expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the functional level. Appropriations lapse at year end. The budgets presented are the final revised budgets, presented to and approved by the Board.

PROPERTY TAXES

Properties are assessed and lienied as of December 31<sup>st</sup> and their related property taxes are billed on December 1<sup>st</sup> of the following year. These taxes are due March 1<sup>st</sup> before they are added to the county delinquent tax rolls.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

DEERFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TAXES RECEIVABLE – CURRENT

The Township property tax is levied on each December 1<sup>st</sup> on the State equalized valuation of property located in the Township as of the preceding December 31<sup>st</sup>.

Although the Township's 2007 ad valorem tax is levied and collectible on December 31, 2006, it is the Township policy to recognize revenue from the current tax levy. The 2006 State equalized valuation of the Township totaled \$49,379,446.

TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH DEPOSITS

For financial statement purposes, checking accounts, savings accounts and certificates of deposit are considered to be cash equivalents. The Township has no investments and has not adopted an investment policy in accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended.

As of June 30, 2007 Deerfield Township had the following amounts deposited:

	<u>Interest Rate</u>	<u>Amount</u>
General Fund:		
United Bank and Trust		
General checking	0.55 %	\$ 187,997
General Flex Savings	0.55 %	50,472
Savings – Perpetual Care	0.55 %	6,369
Savings – Library	0.55 %	3,696
		<u>\$ 248,534</u>

DEERFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2007

NOTE 2: CASH DEPOSITS (Continued)

As of June 30, 2007 the Township had the following amounts deposited:

Special Revenue Fund:	Interest Rate	Amount
United Bank and Trust		
Savings – Roads	0.55 %	\$ 178,424
Savings – Fire Equipment	0.55 %	23,948
Savings – Fire Operations	0.55 %	12,154
Savings – Fire Operations, Equipment Only	0.55 %	49,598
		<u>\$ 264,124</u>
	Carrying amount	Bank Balance
Insured Amount	\$ 100,000	\$ 100,000
Uninsured - uncollateralized	412,658	406,133
	<u>\$ 512,658</u>	<u>\$ 506,133</u>

NOTE 3: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (worker's compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 4: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978 provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the general-purpose financial statements, the Township's actual expenditures and budgetary expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for those budgetary funds were adopted to the functional level. During the year ended June 30, 2007, the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated, but not materially.

NOTE 5: OTHER FINANCING SOURCES (USES)

The transfer of cash between the various Township funds are budgeted but reported separate from revenue and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund.

DEERFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2007

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007 was as follows:

	<u>June 30,</u> <u>2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30,</u> <u>2007</u>
<u>Cost</u>				
Land and buildings	\$ 396,049	\$ -	\$ -	\$ 396,049
Fire equipment	147,922	4,584	-	152,506
Fire Vehicles	479,941	-	-	479,941
Office equipment	12,493	7,127	-	19,620
Cemetery equipment	9,263	1,800	-	11,063
Library equipment	4,716	-	-	4,716
Totals at historical cost	<u>\$ 1,050,385</u>	<u>\$ 13,511</u>	<u>\$ -</u>	<u>\$ 1,063,895</u>

DEERFIELD TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Year Ended June 30, 2007

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES				
Taxes and penalties	\$ 90,000	\$ 90,000	\$ 106,343	\$ 16,343
Charges for services	24,500	24,500	14,986	(9,514)
Interest and rentals	-	-	3,812	3,812
Other revenue	<u>4,800</u>	<u>4,800</u>	<u>13,670</u>	<u>8,870</u>
Total revenues	119,300	119,300	138,811	19,511
EXPENDITURES				
Current				
Legislative	3,500	3,500	4,225	725
General government	64,600	64,600	58,391	(6,209)
Public safety	64,450	64,450	82,943	18,493
Public works	163,000	163,000	141,402	(21,598)
Capital outlay	<u>46,800</u>	<u>46,800</u>	<u>13,511</u>	<u>(33,289)</u>
Total expenditures	<u>342,350</u>	<u>342,350</u>	<u>300,472</u>	<u>(41,878)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(223,050)</u>	<u>(223,050)</u>	<u>(161,661)</u>	<u>61,389</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>223,050</u>	<u>223,050</u>	<u>176,563</u>	<u>(46,487)</u>
Total other financing sources (uses)	<u>223,050</u>	<u>223,050</u>	<u>176,563</u>	<u>(46,487)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>14,902</u>	<u>\$ 14,902</u>
FUND BALANCES				
Fund Balance - July 1, 2006			<u>231,386</u>	
Fund Balance - June 30, 2007			<u>\$ 246,288</u>	

The accompanying notes are an integral part of these financial statements.

DEERFIELD TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE  
MAJOR SPECIAL REVENUE FUNDS**

Year Ended June 30, 2007

	Roads Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over(Under)</u>
REVENUES				
Taxes and penalties	\$ 141,000	\$ 141,000	\$ 144,379	\$ 3,379
Interest and rentals	<u>-</u>	<u>-</u>	<u>4,282</u>	<u>4,282</u>
Total revenues	141,000	141,000	148,661	7,661
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>141,000</u>	<u>141,000</u>	<u>148,661</u>	<u>7,661</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(141,000)</u>	<u>(141,000)</u>	<u>(142,419)</u>	<u>(1,419)</u>
Total other financing sources (uses)	<u>(141,000)</u>	<u>(141,000)</u>	<u>(142,419)</u>	<u>(1,419)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	6,242	<u>\$ 6,242</u>
FUND BALANCES				
Fund Balance - July 1, 2006			<u>173,654</u>	
Fund Balance - June 30, 2007			<u>\$ 179,896</u>	

The accompanying notes are an integral part of these financial statements.



DEERFIELD TOWNSHIP

**BUDGETARY COMPARISON SCHEDULE  
MAJOR SPECIAL REVENUE FUNDS**

Year Ended June 30, 2007

	Fire Operations/Equipment Fund			
	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES				
Taxes and penalties	\$ 23,500	\$ 23,500	\$ 48,714	\$ 25,214
Other revenues	-	-	-	-
Interest and rentals	-	-	335	335
Total revenues	23,500	23,500	49,049	25,549
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,500	23,500	49,049	25,549
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(23,500)	(23,500)	(3,470)	20,030
Total other financing sources (uses)	(23,500)	(23,500)	(3,470)	20,030
Net change in fund balances	\$ -	\$ -	45,579	\$ 45,579
FUND BALANCES				
Fund Balance - July 1, 2006			4,235	
Fund Balance - June 30, 2007			\$ 49,814	

The accompanying notes are an integral part of these financial statements.

DEERFIELD TOWNSHIP  
**COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS**  
June 30, 2007

	Fire Equipment Fund	Fire Operations Fund	Total
ASSETS			
Cash and deposits	\$ 23,948	\$ 12,154	\$ 36,102
Taxes receivable	122	61	183
Due from fiduciary funds	<u>124</u>	<u>61</u>	<u>185</u>
Total Assets	<u>\$ 24,194</u>	<u>\$ 12,276</u>	<u>\$ 36,470</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Unreserved/Undesignated	<u>24,194</u>	<u>12,276</u>	<u>36,470</u>
Total Fund Balance	<u>24,194</u>	<u>12,276</u>	<u>36,470</u>
Total Liabilities and Fund Balance	<u>\$ 24,194</u>	<u>\$ 12,276</u>	<u>\$ 36,470</u>

The accompanying notes are an integral part of these financial statements.

DEERFIELD TOWNSHIP

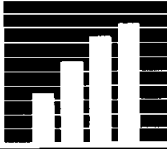
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2007

	Fire Equipment Fund	Fire Operations Fund	Total
REVENUES			
Taxes and penalties	\$ 24,061	\$ 12,037	\$ 36,098
Contributions	-	-	-
Interest	469	110	579
Total revenues	<u>24,530</u>	<u>12,147</u>	<u>36,677</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>24,530</u>	<u>12,147</u>	<u>36,677</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(26,674)</u>	<u>(4,000)</u>	<u>(30,674)</u>
Total other financing sources	<u>(26,674)</u>	<u>(4,000)</u>	<u>(30,674)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(2,144)</u>	<u>8,147</u>	<u>6,003</u>
FUND BALANCES			
Fund Balance - July 1, 2006	<u>26,338</u>	<u>4,129</u>	<u>30,467</u>
Fund Balance - June 30, 2007	<u>\$ 24,194</u>	<u>\$ 12,276</u>	<u>\$ 36,470</u>

The accompanying notes are an integral part of these financial statements.

GROSS  
PUCKEY  
GRUEL &  
ROOF, P.C.



CERTIFIED PUBLIC ACCOUNTANTS

ADRIAN, MICHIGAN  
JACKSON, MICHIGAN

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Township Board  
Township of Deerfield  
Lenawee County, Michigan

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Deerfield as of and for the year ended June 30, 2007 which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Deerfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Township of Deerfield's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the township board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

*Gross, Puckey, Gruel & Roof, P.C.*

Adrian, Michigan  
November 29, 2007